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The Effect of Work-Life Balance and Compensation on Employee Performance with Job Satisfaction as a Mediation Variable at PT. Indatex Palur

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Abstract: This study aims to examine and analyze the effect of work-life balance and compensation on employee performance, with job satisfaction serving as a mediating variable at PT. Indatex Palur. This research employed a quantitative approach. The sample consisted of 237 respondents, and the sampling technique used was descriptive statistical analysis. Data were collected through the distribution of questionnaires to employees of PT. Indatex Palur using a six-point Likert scale. The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with the assistance of SmartPLS software. The results indicate that work-life balance does not have a significant effect on employee performance. In contrast, compensation has a positive and significant effect on employee performance. Work-life balance also does not have a significant effect on job satisfaction, whereas compensation has a positive and significant effect on job satisfaction. Furthermore, job satisfaction does not have a significant effect on employee performance. The mediation test results reveal that job satisfaction is unable to mediate the effect of work-life balance on employee performance or the effect of compensation on employee performance. These findings suggest that compensation is the most dominant factor in improving employee performance compared to work-life balance and job satisfaction. Therefore, the company should place greater emphasis on developing a fair and competitive compensation system as an effort to enhance employee performance.

Keywords: Work-Life Balance, Compensation, Job Satisfaction, Employee Performance.

INTRODUCTION

In the modern workplace, with increasingly complex job demands, work-life balance is a crucial factor in improving employee performance. Effective human resource management is essential to support organizational performance (Lionel et al., 2023). Research shows that a good work-life balance can increase productivity, reduce work stress, and encourage improved employee performance (Nawano et al., 2024; Tamunomiebi & Oyibo, 2020). These findings

are supported by Preena and Preena (2021), who stated that work-life balance significantly impacts employee performance.

A good work-life balance plays a crucial role in improving employee performance, while an imbalance between work and personal life can negatively impact employee mood, work focus, and performance (Hasyim & Bakri, 2024). Employees who are able to balance the demands of work and personal life tend to have lower stress levels, better work focus, and higher productivity (Tiwari & Shukla, 2022). Furthermore, a good work-life balance can also increase job satisfaction, which ultimately impacts employee performance (Ahmaddien, 2023). These findings are supported by Aisyah et al. (2023) and Nugraha et al. (2022), which show that work-life balance has a positive and significant effect on employee performance.

However, several studies have shown different results. Agustian et al. (2024) and Ilfana (2025) found that work-life balance had a positive but insignificant effect on employee performance. Furthermore, Wiyarta et al. (2023) and Turangan et al. (2022) found that work-life balance had no effect on employee performance. These findings indicate that the influence of work-life balance on employee performance remains inconsistent and can vary depending on employee characteristics and organizational context..

Job satisfaction is one aspect influenced by work-life balance (Marsenda et al., 2023). The better the work-life balance perceived by employees, the higher their job satisfaction and performance (Ahmaddien, 2023). Job satisfaction itself reflects employees' positive feelings about their work, which can influence their attitudes and work performance (Devi et al., 2023). Research by Dewi et al. (2022) shows that work-life balance has a positive and significant effect on job satisfaction. However, different results were found by Endeka et al. (2020), who stated that work-life balance had no significant effect on job satisfaction. These findings indicate that the relationship between work-life balance and job satisfaction is still inconsistent.

Compensation is a form of appreciation given by organizations to employees for their contributions to achieving organizational goals (Widyaningtyas et al., 2023). Fair and adequate compensation has been shown to increase employee motivation, job satisfaction, and performance (Wirtadipura & Sumarjo, 2025; Pudjiarti et al., 2023). Conversely, compensation inequality can decrease motivation and performance because it creates perceptions of unfairness (Hasyim & Bakri, 2024). Furthermore, appropriately managed compensation, both financial and non-financial, can increase job satisfaction, which ultimately impacts employee performance (Indripriarko & Aima, 2022).

Compensation is closely related to employee job satisfaction (Safitri & Syarfan, 2024). Fair and appropriate compensation can increase employee motivation, a sense of appreciation, and job satisfaction, which ultimately leads to increased work productivity (Putri et al., 2024). Research by Arimbawa et al. (2025) shows that compensation has a positive and significant effect on job satisfaction. However, different results were found by Siregar et al. (2021) and Fauziah et al. (2024), who stated that compensation had no significant effect on job satisfaction. These findings indicate that the relationship between compensation and job satisfaction remains inconsistent.

Job satisfaction acts as a mediating variable that explains the indirect effect of work-life balance on employee performance. Research by Wirtadipura and Sumarjo (2025), Wahyudin et al. (2024), and Firdaus (2025) shows that a good work-life balance can increase job satisfaction, which in turn impacts employee performance. These findings indicate that the effect of work-life balance on performance is not always direct, but can occur through job satisfaction as a mediating mechanism.

The effect of compensation on employee performance is not always direct, but can be mediated through job satisfaction. Noviansyah et al. (2024) found that fair and adequate compensation can increase job satisfaction, which ultimately impacts employee performance. However, Andriani et al. (2025) showed that job satisfaction was unable to mediate the effect

of compensation on employee performance. The difference in research results indicates a research gap that requires further study. Therefore, this study was conducted to analyze the effect of work-life balance and compensation on employee performance, with job satisfaction as a mediating variable. This research is expected to provide empirical evidence that enriches human resource management studies and provides input for organizations in improving employee performance.

METHOD

This study uses a quantitative approach, with data expressed in numerical form and analyzed to answer the research problem formulation. The data used is primary data obtained through a survey method by distributing questionnaires offline to PT. Indatex Palur employees as respondents. The collected data was then tested for validity and reliability and analyzed to determine the influence and relationships between research variables so that it can be used as a basis for drawing conclusions.

The population in this study was all 573 employees of PT. Indatex Palur. According to Sekaran and Bougie (2016), a population is the entire group of individuals, events, or objects of interest in the study. A sample is a portion of the population selected to represent that population (Sekaran & Bougie, 2016). This study used a purposive sampling technique, with a sample size of 237 employees determined using the Slovin formula. Data analysis techniques in this study used descriptive statistical analysis and Structural Equation Modeling-Partial Least Squares (SEM-PLS). Descriptive statistical analysis was used to describe the characteristics of respondents and research variables, while SEM-PLS was used to examine the relationships between variables, including direct and indirect influences, and mediating roles through outer and inner model testing.

This research was conducted at PT Indatex Palur, located at Jl. Raya Solo–Sragen Km 6.5, Ngringo Village, Jaten District, Karanganyar Regency, Central Java Province, 57761, Indonesia. The selection of this research location was based on its relevance to the research object, particularly in examining the factors that influence employee performance in the context of textile industry organizations.

RESULTS AND DISCUSSION

A total of 237 respondents participated in this study. The sample consisted of 127 female respondents (53.59%) and 110 male respondents (46.41%), indicating a relatively balanced gender distribution with a slightly higher proportion of female employees. This distribution suggests that the research findings reflect the perspectives of both male and female employees.

The respondents represented various age groups. The largest proportion was in the 36–40 years age group, with 58 respondents (24.47%), followed by the 41–45 years age group with 48 respondents (20.25%) and respondents aged more than 45 years with 45 respondents (18.99%). Meanwhile, the 25–30 years and 31–35 years age groups each consisted of 36 respondents (15.19%), while respondents aged less than 25 years accounted for the smallest proportion, with 14 respondents (5.91%). Overall, the sample was predominantly composed of employees in their productive working ages.

Regarding length of service, the largest group had worked for 5–10 years, comprising 66 respondents (27.85%). This was followed by respondents with 11–15 years of service (52 respondents; 21.94%) and 16–20 years of service (43 respondents; 18.14%). Employees with 21–25 years of service accounted for 32 respondents (13.50%), while 27 respondents (11.39%) had worked for more than 25 years. The smallest proportion consisted of employees with less than 5 years of service, totaling 17 respondents (7.17%). Overall, the sample was dominated by employees with moderate to long organizational experience.

In terms of employment status, the majority of respondents were contract employees, totaling 150 respondents (63.29%), whereas 87 respondents (36.71%) were permanent employees. This distribution indicates that the research sample predominantly represented contract employees.

The respondents were distributed across several organizational departments. More than half of the sample worked in the Production Department, with 125 respondents (52.74%), followed by the Maintenance Department with 45 respondents (18.99%). Other respondents were employed in Warehouse and Logistics (21 respondents; 8.86%), Human Resources (20 respondents; 8.44%), Quality Control (16 respondents; 6.75%), and Administration (10 respondents; 4.22%). This distribution shows that the sample was largely composed of employees engaged in the organization's core operational activities.

Regarding job position, operators constituted the largest group, with 166 respondents (70.04%). They were followed by staff (35 respondents; 14.77%), leaders/foremen (19 respondents; 8.02%), supervisors (15 respondents; 6.33%), and managers (2 respondents; 0.84%). The predominance of operator-level employees indicates that the study mainly captured the perspectives of employees directly involved in day-to-day operational processes.

Having described the characteristics of the research sample, the analysis proceeded to evaluate the proposed structural model. The next stage focused on examining the relationships among the latent constructs and assessing the predictive capability of the research model through inner model evaluation using the PLS-SEM approach.

Inner model evaluation was conducted to test the structural relationships between the latent variables formulated in the research model. This analysis used the PLS-SEM approach to evaluate the influence between variables and the model's ability to explain endogenous variables.

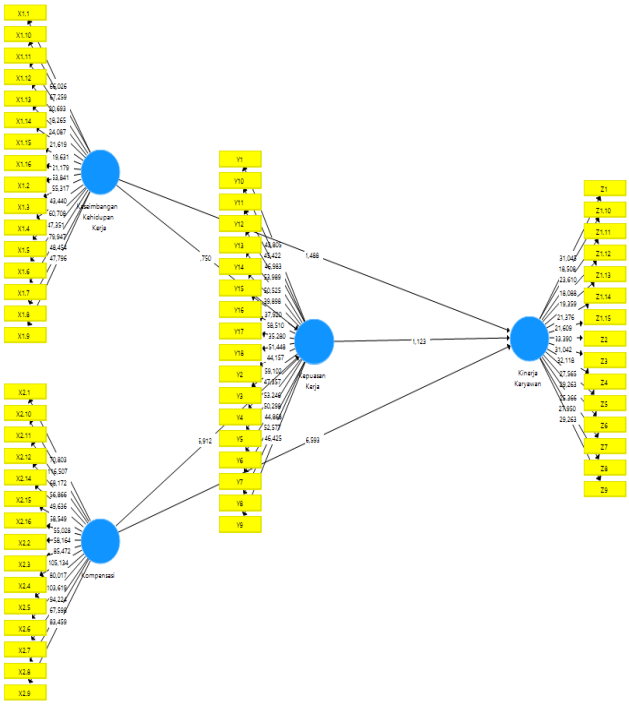


Figure 1. Inner Model

Based on Figure 1, the inner model depicts the causal relationship between the latent variables in the study, namely Work-Life Balance and Compensation as independent variables, Job Satisfaction as a mediating variable, and Employee Performance as a dependent variable. This model shows the direct influence of Work-Life Balance and Compensation on Job

Satisfaction, as well as the influence of Job Satisfaction and Compensation on Employee Performance. In addition, this study also tests the indirect influence through Job Satisfaction as a mediating variable. The values displayed on each path are path coefficients that indicate the direction and magnitude of the relationship between constructs. The significance of the relationship between variables will be determined through bootstrapping test results based on t-statistics, p-values, and confidence intervals. Following the specification of the structural model, the next step is to examine the direct relationships among the latent variables. The path coefficient analysis provides information on the strength and direction of the hypothesized relationships, while the significance of each path is evaluated using the bootstrapping procedure. The results of the direct effect analysis are presented in the following section.

Table 1. Path Coefficient Results (Direct Effect)

		Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
H1	Work Life Balance -> Employee Performance	,096	,095	,070	,600	,549
H2	Compensation -> Employee Performance	,419	,414	,066	8,263	,000
H3	Job Satisfaction -> Employee Performance	,082	,084	,068	1,193	,233
H4	Work Life Balance -> Job Satisfaction	,096	,095	,058	1,641	,102
H5	Compensation -> Job Satisfaction	,494	,497	,060	8,263	,000

The direct effect analysis was conducted to examine the significance and direction of the hypothesized relationships between the latent variables.

1. The results for H1 indicate that Work-Life Balance does not have a significant positive effect on Employee Performance (β = 0.096, t = 0.600, p = 0.549). Although the path coefficient is positive, the p-value is greater than the 0.05 significance level, indicating that the relationship is not statistically significant. Therefore, **H1 is not supported.**
2. The results for H2 show that Compensation has a positive and significant effect on Employee Performance (β = 0.419, t = 8.263, p < 0.001). The positive path coefficient indicates that higher levels of compensation are associated with better employee performance, and the statistical evidence confirms the significance of this relationship. Therefore, **H2 is supported**.
3. For H3, Job Satisfaction does not have a significant positive effect on Employee Performance (β = 0.082, t = 1.193, p = 0.233). Although the relationship is positive, the effect is not statistically significant because the p-value exceeds the 0.05 threshold. Consequently, **H3 is not supported**.
4. The findings for H4 indicate that Work-Life Balance does not have a significant positive effect on Job Satisfaction (β = 0.096, t = 1.641, p = 0.102). Despite the positive coefficient, the relationship is statistically insignificant, suggesting that improvements in work-life balance do not significantly increase employees' job satisfaction in this study. Accordingly, **H4 is not supported**.
5. The results for H5 demonstrate that Compensation has a positive and significant effect on Job Satisfaction (β = 0.494, t = 8.263, p < 0.001). This finding indicates that better compensation contributes to higher levels of job satisfaction among employees. Therefore, **H5 is supported**.

Following the evaluation of the direct effects, the next stage of the analysis examines the indirect relationships among the study variables. The indirect effect analysis is conducted to determine whether Job Satisfaction functions as a mediating variable in the relationships between Work-Life Balance and Employee Performance, as well as between Compensation and Employee Performance. The significance of these mediating effects is assessed using the bootstrapping procedure based on the estimated path coefficients, *t*-statistics, and *p*-values. The results of the indirect effect analysis are presented in the following section.

Table 2. Path Analysis Results (Indirect Effect)

		Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
H6	Work-Life Balance -> Job Satisfaction -> Employee Performance.	,008	,008	,009	,879	,380
H7	Compensation -> Job Satisfaction -> Employee Performance.	,040	0,042	,035	1,138	0,003

The indirect effect analysis was conducted to examine whether Job Satisfaction mediates the relationships between Work-Life Balance and Employee Performance, as well as between Compensation and Employee Performance. The significance of the indirect effects was evaluated using the bootstrapping procedure.

1. The results for H6 indicate that the indirect effect of Work-Life Balance on Employee Performance through Job Satisfaction is positive but not statistically significant ($\beta = 0.008$, $t = 0.879$, $p = 0.380$). Since the *p*-value is greater than the 0.05 significance level, Job Satisfaction does not mediate the relationship between Work-Life Balance and Employee Performance. Therefore, **H6 is not supported**.
2. The results for H7 show that the indirect effect of Compensation on Employee Performance through Job Satisfaction is positive. Based on the reported statistical results ($t = 1.138$ and $p = 0.003$), the indirect relationship is statistically significant, indicating that Job Satisfaction mediates the relationship between Compensation and Employee Performance. Accordingly, **H7 is supported**, suggesting that higher levels of compensation contribute to improved employee performance indirectly by enhancing employees' job satisfaction.

The results of the direct and indirect effect analyses provide empirical evidence regarding the relationships among the latent variables and the mediating role of Job Satisfaction in the proposed research model. Based on these findings, each hypothesis can be evaluated according to its statistical significance and level of support. To provide a comprehensive overview of the hypothesis testing results, a summary of all proposed hypotheses is presented in the following table.

Table 3. Hypothesis Test Recap

Hypothesis		Information
H1	There is a positive effect of work-life balance on employee performance	**Rejected**
H2	There is a positive effect of compensation on employee performance	**Accepted**
H3	There is a positive influence between Job Satisfaction and Employee Performance.	**Rejected**
H4	There is a positive influence between Work-Life Balance and Job Satisfaction.	**Rejected**
H5	There is a positive influence between Compensation and Job Satisfaction.	**Accepted**
H6	There is a positive influence between job satisfaction and the mediator of work-life balance and employee performance.	**Rejected**
H7	There is a positive influence between job satisfaction and the mediator of compensation and employee performance.	**Accepted**

The Influence of Work-Life Balance on Employee Performance

The The findings of this study indicate that Work-Life Balance does not have a significant effect on Employee Performance ($t = 0.600$, $p = 0.549$), indicating that the proposed hypothesis is not supported. These findings suggest that employees' ability to maintain a balance between their work responsibilities and personal lives does not directly influence their job performance in the context of this study. In other words, although Work-Life Balance contributes to employees' overall well-being and quality of life, it is not a determining factor in improving Employee Performance.

These findings are inconsistent with the research hypothesis, which was developed based on previous studies by Jammaers and Williams (2021), Widyastuti, Fahlevi, and Basaria (2024), Agarwal and Bhakuni (2024), and Fu et al. (2023), all of which reported that Work-Life Balance has a positive and significant effect on Employee Performance. Those studies suggested that employees who successfully balance their work and personal lives tend to experience lower stress, higher job satisfaction, stronger organizational commitment, and better psychological well-being, all of which contribute to improved work performance.

However, the present findings are consistent with previous studies by Turangan et al. (2022), Kinanti and Hermiati (2023), and Adetiyas et al. (2024), which concluded that Work-Life Balance does not have a significant effect on Employee Performance. This indicates that employee performance is not always determined by employees' perceptions of work-life balance but is more strongly influenced by factors directly related to job execution and organizational practices.

Explanation for this finding is that employee performance is influenced by multiple organizational factors beyond Work-Life Balance. Employees may continue to achieve high levels of performance because of clear performance targets, effective supervision, organizational policies, financial incentives, and a strong sense of responsibility toward their work. Consequently, employees remain focused on accomplishing their assigned tasks regardless of whether they perceive an ideal balance between their work and personal lives.

The characteristics of the respondents also help explain these findings. The majority of respondents in this study were production employees working as operators, whose jobs are highly standardized and target-oriented. Their performance is primarily evaluated using objective indicators such as productivity, work quality, attendance, compliance with standard operating procedures, and the achievement of production targets. As a result, employees' work outcomes depend more on their ability to meet operational standards than on their perceived level of Work-Life Balance. In operational work settings, employees are expected to consistently achieve predetermined performance targets, making job-related factors more influential than personal work-life considerations.

Furthermore, the results of this study demonstrate that compensation has a significant positive effect on Employee Performance, suggesting that financial rewards serve as a more immediate and tangible determinant of performance than Work-Life Balance. This finding implies that employees may be more motivated to improve their performance when they receive fair and appropriate compensation, even if they experience challenges in balancing their work and personal lives. This interpretation is consistent with previous studies showing that employee performance is more strongly influenced by operational responsibilities (Turangan et al., 2022), employee engagement and job satisfaction (Kinanti & Hermiati, 2023), as well as compensation and the work environment (Adetiyas et al., 2024). These findings indicate that Work-Life Balance alone is insufficient to improve Employee Performance when job-related factors play a more dominant role in determining employees' work outcomes.

Another explanation is that employees have adapted to the demands of their work and organizational routines over time. Although some employees may experience difficulties in balancing work and personal responsibilities, they are still able to maintain satisfactory

performance by prioritizing their work obligations and fulfilling organizational expectations. This adaptation enables employees to sustain their performance despite experiencing less-than-ideal levels of Work-Life Balance.

Therefore, the findings of this study indicate that Employee Performance is not directly influenced by Work-Life Balance. Although Work-Life Balance contributes to employees' well-being, psychological health, and overall quality of life, it does not necessarily lead to higher levels of Employee Performance, particularly in operational work environments where performance is primarily determined by job-related factors such as production targets, supervision, compensation, work discipline, and adherence to operational standards. Accordingly, organizations seeking to improve Employee Performance should not rely solely on Work-Life Balance initiatives but should also strengthen other organizational factors that have a more direct impact on employees' work outcomes, including fair compensation, effective leadership, employee motivation, competency development, and supportive working conditions.

The Influence of Compensation on Employee Performance

The findings of this study indicate that Compensation has a positive and significant effect on Employee Performance ($t = 8.263$, $p < 0.001$), supporting the proposed hypothesis. This finding suggests that compensation is an important determinant of employee performance, as employees who perceive their compensation as fair and appropriate are more likely to demonstrate higher motivation, commitment, and productivity. Compensation functions not only as a financial reward but also as a form of organizational recognition that encourages employees to achieve better work outcomes.

This finding is consistent with the results reported by Dewi et al. (2022), Suryana (2023), and Fachiroh and Suratman (2023), who similarly found that compensation has a positive and significant effect on employee performance. Their studies indicate that employees who perceive compensation as fair, adequate, and aligned with their contributions tend to demonstrate higher motivation, stronger organizational commitment, and greater productivity. Furthermore, these studies emphasize that compensation not only has a direct influence on employee performance but also contributes indirectly by enhancing job satisfaction, which subsequently encourages employees to perform their tasks more effectively and achieve organizational goals.

The significant relationship between compensation and employee performance can be explained by the characteristics of the research sample. The majority of respondents were contract employees working in production and operator-level positions, where performance is primarily assessed through productivity, discipline, attendance, and the achievement of production targets. Under these conditions, compensation represents a tangible reward that is directly linked to employees' economic security and work motivation. Consequently, employees who receive fair and competitive compensation are more likely to maintain high levels of commitment and performance. This finding also supports the argument of Dewi et al. (2022), Suryana (2023), and Fachiroh and Suratman (2023) that compensation serves not only as a financial benefit but also as an organizational mechanism for motivating employees and encouraging higher performance. Therefore, in operational work environments, compensation becomes one of the most influential factors in improving employee performance.

The Influence of Job Satisfaction on Employee Performance

The findings of this study indicate that Job Satisfaction does not have a significant effect on Employee Performance ($t = 1.193$, $p = 0.233$), indicating that the proposed hypothesis is not supported. This finding suggests that employees' satisfaction with their jobs does not necessarily translate into higher levels of work performance. Although job satisfaction is

generally associated with positive work attitudes, it may not directly improve employee performance when other work-related factors play a more dominant role. This result is inconsistent with the findings of Badrianto and Ekhsan (2020), Kuncorowati et al. (2022), and Sabrina and Ikhsan (2023), who reported that job satisfaction significantly improves employee performance. However, the present finding is in line with Ardianto et al. (2024), Ariyanti and Sawitri (2024), and Fidieyanthi and Abdurahman (2025), who also concluded that job satisfaction does not have a significant direct effect on employee performance.

The insignificant relationship can be explained by the characteristics of the research sample. The majority of respondents were contract employees working in production departments and occupying operator-level positions, where performance is primarily evaluated based on productivity, production targets, work discipline, attendance, and compliance with standard operating procedures. Under these working conditions, employees are required to achieve predetermined performance standards regardless of whether they are satisfied with their jobs. This interpretation is supported by Ardianto et al. (2024), who argued that job satisfaction contributes more to employee productivity than directly to performance, while Fidieyanthi and Abdurahman (2025) found that production employees maintained their performance despite varying levels of job satisfaction because work motivation played a more dominant role. Similarly, Ariyanti and Sawitri (2024) reported that employees continued to achieve high performance due to organizational demands and professional responsibilities rather than job satisfaction alone. Furthermore, the results of the present study demonstrate that Compensation has a significant positive effect on Employee Performance, suggesting that financial rewards provide a stronger and more immediate incentive for improving performance than job satisfaction. Therefore, in operational work environments, employee performance appears to be driven more by organizational demands, compensation, and productivity requirements than by employees' level of job satisfaction.

The Influence of Work-Life Balance on Job Satisfaction

The findings of this study indicate that Work-Life Balance does not have a significant effect on Job Satisfaction ($t = 1.641$, $p = 0.102$), indicating that the proposed hypothesis is not supported. This finding suggests that employees' ability to balance their work and personal lives does not necessarily increase their level of job satisfaction. Although work-life balance is often associated with employee well-being, it may not be the primary factor determining job satisfaction in the context of this study.

This finding is inconsistent with the studies of Runtu et al. (2022), Sutanto et al. (2024), and Agarwal and Bhakuni (2024), which reported that employees with a better work-life balance tend to experience higher levels of job satisfaction. However, the present finding is consistent with Fahira and Mardhiyah (2024), Alamsyah et al. (2025), and Ruslan et al. (2025), who likewise found that work-life balance does not have a significant direct effect on job satisfaction. These studies suggest that job satisfaction is influenced more strongly by factors directly related to the workplace, including compensation, job security, career development opportunities, supervisory support, interpersonal relationships, and the work environment. They further indicate that although work-life balance contributes to employees' overall well-being and quality of life, it is not always sufficient to increase job satisfaction when employees place greater importance on organizational support and tangible work-related benefits.

This finding can be attributed to the characteristics of the research sample. The majority of respondents were contract employees working in production departments and occupying operator-level positions, where concerns related to compensation, job security, workload, and organizational support are likely to be more important than work-life balance. This interpretation is supported by the findings of the present study, which demonstrate that Compensation has a significant positive effect on Job Satisfaction, indicating that financial

rewards play a more influential role in shaping employees' job satisfaction. Therefore, while work-life balance remains beneficial for employees' overall well-being, it may not directly enhance job satisfaction in operational work environments where financial and organizational factors are more dominant.

The Effect of Compensation on Job Satisfaction

The findings of this study indicate that Compensation has a positive and significant effect on Job Satisfaction, supporting the proposed hypothesis. This finding suggests that employees who perceive their compensation as fair and adequate are more likely to experience higher levels of job satisfaction. Compensation serves not only as financial remuneration but also as a form of organizational recognition for employees' contributions, thereby strengthening positive attitudes toward their jobs.

This finding is consistent with previous studies conducted by Zhao et al. (2022) and Arimbawa et al. (2026), which reported that compensation is a significant predictor of job satisfaction. Zhao et al. (2022) demonstrated that satisfaction with direct economic compensation including salaries, bonuses, and financial incentives significantly enhances employees' motivation and positive work attitudes. Similarly, Arimbawa et al. (2026) found that fair and adequate compensation increases employees' job satisfaction by reinforcing perceptions of organizational appreciation and support. However, the present finding differs from Fauziah et al. (2024), who reported that financial compensation did not significantly influence job satisfaction, suggesting that employees in their study placed greater value on non-financial aspects such as the work environment, career opportunities, and relationships with supervisors.

The significant relationship identified in this study can be explained by the characteristics of the respondents, who were predominantly contract employees working in operational and production positions. For these employees, compensation represents an important source of economic security and organizational support. When employees perceive that their salaries, incentives, and benefits are fair and proportional to their responsibilities, they are more likely to feel valued and appreciated by the organization, resulting in higher job satisfaction. This finding indicates that, within operational work environments, compensation is one of the primary determinants of employees' job satisfaction, particularly for workers whose financial security is closely linked to their employment conditions.

The Influence of Work-Life Balance on Employee Performance Through Job Satisfaction

The findings of this study indicate that Job Satisfaction does not mediate the relationship between Work-Life Balance and Employee Performance. The indirect effect of Work-Life Balance on Employee Performance through Job Satisfaction was found to be positive but statistically insignificant ($\beta = 0.008$, $t = 0.879$, $p = 0.380$), indicating that the proposed mediation hypothesis is not supported. Furthermore, the direct relationships between Work-Life Balance and Job Satisfaction, as well as between Job Satisfaction and Employee Performance, were also statistically insignificant. These results suggest that improvements in employees' work-life balance do not necessarily enhance employee performance through increased job satisfaction.

This finding is inconsistent with the studies of Jamilah et al. (2024), Wirtadiputa and Sumarjo (2025), and Heriyanto et al. (2025), which reported that Job Satisfaction significantly mediates the relationship between Work-Life Balance and Employee Performance. These studies suggest that employees who are able to maintain a healthy balance between their work and personal lives tend to experience higher levels of job satisfaction, which subsequently enhances their work performance. However, the present findings are consistent with those of Nadhilah et al. (2024), Wanasiri and Aryanto (2025), and Manuel and Priyowidodo (2025),

who likewise found that job satisfaction does not function as a significant mediating variable in this relationship. Their findings indicate that although work-life balance contributes to employees' psychological well-being and quality of life, it does not necessarily increase job satisfaction to a level that can improve employee performance. Instead, employee performance appears to be more strongly influenced by factors directly related to the work environment, such as compensation, work motivation, organizational support, leadership, and job demands, than by the indirect effect of work-life balance through job satisfaction.

The absence of a significant mediating effect can be explained by the characteristics of the research sample and the nature of the work performed. The majority of respondents were contract employees working as production operators, whose performance is primarily evaluated based on production targets, work discipline, operational routines, and supervisory systems. Consequently, employee performance is more likely to be influenced by factors directly related to job execution than by employees' perceptions of work-life balance. This interpretation is supported by the findings of this study, which show that Compensation has a significant positive effect on Employee Performance, whereas Work-Life Balance and Job Satisfaction do not. Therefore, in operational work settings, compensation and other job-related factors appear to play a more important role in driving employee performance than the indirect mechanism of work-life balance through job satisfaction.

The Influence of Compensation on Employee Performance Through Job Satisfaction

The findings of this study indicate that Job Satisfaction does not mediate the relationship between Compensation and Employee Performance. The indirect effect of Compensation on Employee Performance through Job Satisfaction was positive but not sufficiently strong to establish a meaningful mediation effect ($\beta = 0.040$, $t = 1.138$). Although Compensation had a significant positive effect on both Job Satisfaction and Employee Performance, Job Satisfaction did not significantly influence Employee Performance. Consequently, the proposed mediation hypothesis was not supported, suggesting that compensation improves employee performance primarily through a direct rather than an indirect mechanism.

This finding is consistent with previous studies conducted by Perdian and Iqbal (2025), Adriyani et al. (2025), and Labibah and Sugiarno (2025), which similarly reported that Job Satisfaction does not mediate the relationship between Compensation and Employee Performance. These studies consistently found that compensation directly enhances employee performance, while the indirect pathway through job satisfaction remains insignificant because job satisfaction does not exert a significant influence on employee performance. Their findings suggest that compensation serves as an immediate motivator that encourages employees to improve their work outcomes, rather than first increasing job satisfaction and subsequently affecting performance.

The absence of a significant mediating effect can be explained by the characteristics of the research sample and the nature of operational work. Most respondents were contract employees working as production operators, whose performance is primarily evaluated based on production targets, work discipline, operational routines, and supervisory systems. In this context, compensation functions as a direct and tangible reward that motivates employees to achieve organizational performance standards, regardless of their level of job satisfaction. As a result, employees may increase their performance because compensation fulfills their financial needs and provides recognition for their contributions, while job satisfaction alone is insufficient to translate these rewards into higher performance. These findings indicate that, in operational work environments, compensation has a more immediate and dominant influence on employee performance than the indirect pathway through job satisfaction.

CONCLUSION

Based on the results of the analysis and discussion that has been carried out, the following are several conclusions that can be drawn from the results of this research:

1. Work-life balance does not have a positive effect on employee performance.
2. Compensation has a positive and significant effect on employee performance.
3. Work-life balance does not have a positive effect on job satisfaction.
4. Compensation has a positive and significant effect on job satisfaction.
5. Job satisfaction does not have a positive effect on employee performance.
6. Job satisfaction does not have a positive effect in mediating the effect of work-life balance on employee performance.
7. Job satisfaction does not have a positive effect in mediating the effect of compensation on employee performance.

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